

**What are the key issues facing
your business?**

What are the main opportunities for my business?

Stephenson Harwood rail industry market research



What are the key issues?

The rail industry has undergone unprecedented change over the last 2 years – with more change to come as we transition to GBR. The Stephenson Harwood Rail Team conducted an industry survey to hear from our clients and contacts at the coal face about their views of the challenges and priorities that are facing the rail industry, and their businesses specifically, in the coming years.

One of the key questions we asked the respondents taking part in this research was to rank a number of topics in terms of **whether they are key issues are facing their business at the moment**. Comments were also invited on **“How do we attract and retain the best people to deliver the Future of GB Rail?”**. In this report we will explore what the rail industry considers to be the key issues and the not so important ones.

What matters most?



General Uncertainty

The top key issue was the uncertainty faced by the industry. It was felt that the time being taken to reshape the industry is too long, which is having a serious impact on the industry. The consequences of a lack of certainty impacts other areas of concern.

A sustained and simple policy which is allowed to be followed through by industry and it has the confidence in enough to invest is needed now

Staffing Concerns

Staffing concerns, being able to plan for the future and ensuring retention of talent was another key issue. The concern was that the industry was in danger of losing sight of the importance of this again – exacerbated by the general uncertainty in the industry.

Given the key role the private sector will continue to play there is a risk that companies choose to de-invest in passenger rail.

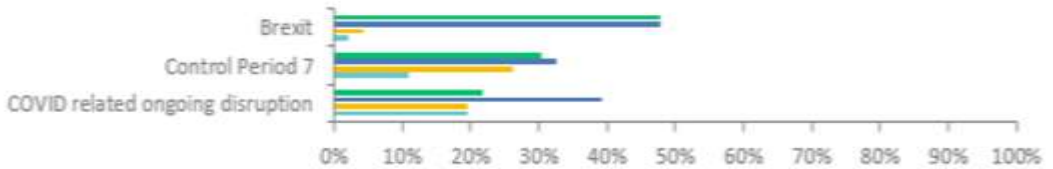
Passengers Returning/Funding

Unsurprisingly, passengers returning (or not) and a lack of funding was the second biggest issue. Clearly, if passengers don't return there will be a significant funding impact. A key theme was a renewed focus on customers; making things easier for them, and considering how passengers will use rail in the future - particularly as there are now fewer commuters. Affordability of rail was also a key issue, particularly against the backdrop of workforce reform.

The future workforce is really important - both in terms of having an industry plan for training/skills and for retention and development

What are the key issues?

What matters least?



- Not an issue for my business
- Somewhat of an issue, but not urgent
- This is definitely an issue we need to consider at some point
- Really key/important issue for my business that needs to be addressed now

Brexit

With so much else going on and with Brexit largely now in the past, we can see why this topic would no longer feature as one of the key issues – although interestingly it scored equally as not an issue and somewhat of an issue but not urgent. Whilst there will still be supply chain problems and additional cost – the current primary cause of these are, arguably, the war in Ukraine and on-going covid consequences.

Control Period 7

Perhaps more surprising is CP7. As with Brexit, CP7 scored almost equally as not an issue and somewhat of an issue but not urgent. However, as funding issues did feature as a key issue, the interface with CP7 remains important in funding the railways going forward. Perhaps the industry is so well-versed in the control period process it takes a more relaxed view.

We need to be building rail infrastructure now and fast to move lorries cars and people across the country.

Fares reform. Needs a fundamental rethink, not just fiddling at the margin. Cost cutting won't save the railways.

COVID related ongoing disruption

Whilst we do seem to have moved on to a large extent from disruption caused by Covid (or at least been overtaken by other, more pressing, events) this result was a little surprising but only insofar as it is linked with one of the key issues which respondents said mattered most: passengers returning and funding issues. There is no doubt that the change in working patterns (perhaps in a lot of cases as a direct result of the pandemic and the stay at home directives) is something that is concerning the industry. Whilst leisure travel has increased, the overall revenue generated remains well-below pre-pandemic levels and is not sustainable. This brings fares reform sharply into focus.

We have seen a change in travel patterns which was already happening before the pandemic, the industry was too slow to recognise and react to the change. The Pandemic brought that sharply into focus as the customers realised they had options.

How do we attract and retain the best people to deliver the Future of GB Rail?

Responses were very varied to this question. One of the key themes coming out of the answers was the very topical issue of salary and benefits - but progress and training also featured highly on respondents lists.

A number of respondents also highlighted the need to promote rail; the need to raise the image of the industry and highlighting the range of opportunities in the industry and the vital role rail does and will play in the wider economy.

Market led salaries and opportunities to easily progress.

Make industry mobility and opportunities more clear in all disciplines.

Once upon a time the railway had a whole series of training schemes, across all disciplines from Engineering, to Operations and for all levels of school leavers from 16 plus through to graduates where a firm foundations in running railways, customer service, engineering skills. Its not always about pay but having a worthwhile career and opportunities to excel.

The rail sector has an inherent appeal as 'green' technology, but factors negatively affecting recruitment and retention may include the pace of change (we need to adopt new technology and ideas faster) and pay.

Promote rail to ensure its future is attractive.

Continue to improve our culture, modernise our approaches to training and competence, create clearer pathways.

Raise the image of the industry, and highlight the range of career opportunities within it.

Create an industry structure which is built upon involvement and empowerment.

How does this affect the rail industry?

There is no doubt that the rail industry is on the verge of significant change – whether by design or otherwise. Having reviewed all of the comments made by respondents, it is clear that the industry wants to get on with it: uncertainty as to what the future looks like could drive unintended consequences and impact the industry’s ability to attract and retain the best people.

This lack of action and uncertainty will also impact passengers returning with the consequential effect on revenue. The industry needs to have a renewed focus on customers to reflect current travelling patterns and that passengers now have a real choice – we also urgently need fares reform to reflect this. However, it seems to be a reasonably widely held view that current ambiguity risks causing a hiatus in rail work, damages confidence and jeopardises investment in the industry – all of which will delay passengers returning and revenue recovering.

The Rail Industry Association recently urged the Government to provide the clarity the industry needs, noting that “By doing so, the Government would not only help to unleash the potential of rail to help drive economic growth, it would also provide a boost to connectivity and capacity, which the country is going to need in future if it is to link and level up communities across the UK.”

More action is needed – and soon.

The hiatus in progress toward the reforms in the White Paper is frustrating and given the key role the private sector will continue to play there is a risk that companies choose to de-invest in passenger rail.

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